

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:)	
INTEGRATED HEALTH SERVICES, INC., <i>et al.</i>)	Chapter 11
Debtors.)	00-389 (MFW)
)	Jointly Administered
FSQ, INC., <i>f/k/a</i> FIVE STAR QUALITY CARE,)	
INC., <i>et al.</i> ,)	
Plaintiffs,)	Adv. Case No. 02-5193
v.)	
INTEGRATED HEALTH SERVICES, INC., <i>et al.</i> ,)	
Defendants.)	Dkt. Reference Nos. 119, 121 & 124

**APPELLEE'S COUNTER-DESIGNATION OF ITEMS TO BE INCLUDED
IN THE RECORD ON APPEAL AND STATEMENT OF ISSUE ON
CROSS-APPEAL (NOTICE OF APPEAL FILED JANUARY 16, 2007;
NOTICE OF CROSS-APPEAL FILED JANUARY 26, 2007)**

The IHS Liquidating LLC (the "Liquidating LLC") has no additional documents to counter-designate to be included in the record on appeal with respect to the Notices of Appeal and Cross-Appeal from the Order dated as of January 9, 2007, and entered by the United States Bankruptcy Court for the District of Delaware, the Honorable Mary F. Walrath presiding, on January 9, 2007 (Docket No. 119) (the "Order"), with the understanding that the items designated in the *Appellants' Designation of Record and Statement of Issues Pursuant to Federal Rules of Appellant Procedure 6 and 10 and Bankruptcy Rule 8006* (the "Appellants' Designation") dated January 26, 2007 (Docket No. 124) includes any and all affidavits, exhibits and other supporting documents included in each docket number designated in the Appellants' Designation.

STATEMENT OF ISSUE ON CROSS-APPEAL

The Liquidating LLC filed its cross-appeal in order to preserve its right to argue that this Court should affirm the Bankruptcy Court's decision to grant summary judgment in favor of the Liquidating LLC not only for the reasons given by the Bankruptcy Court in its opinion, but based on all other grounds advanced by the Liquidating LLC in the proceedings below and/or otherwise supported by the record.¹

Dated: Wilmington Delaware
February 5, 2007

Respectfully submitted,

YOUNG CONAWAY STARGATT & TAYLOR, LLP

Robert S. Brady (No. 2847)
Joseph M. Barry (No. 4221)
Kenneth J. Enos (No. 4544)
The Brandywine Building
1000 West Street, 17th Floor
Wilmington, DE 19801
(302) 571-6731

-and-

KAYE SCHOLER LLP
Arthur Steinberg
Ana M. Alfonso
425 Park Avenue
New York, NY 10022-3598
(212) 836-8000

Attorneys for IHS Liquidating LLC

¹ Nothing contained herein is intended to, nor shall it, be a concession by the Liquidating LLC as to the validity of the Appellants' characterizations of the rulings made by the Bankruptcy Court in the Appellants' Designation.